

# **BUSINESS OPPORTUNITY**

CC-DENA001-16

*Department of the Interior*

National Park Service  
Denali National Park and Preserve

**A Concession Business Opportunity to Operate Transportation, Bus  
Tour, Retail, Food and Beverage, Camping and Other Services**

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## INTRODUCTION

The National Park Service ("Service") intends to award a concession contract at Denali National Park and Preserve ("Park") to provide Transportation, Bus Tour, Retail, Food and Beverage, Camping and Other Services. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required by the Service. Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Draft Concession Contract, CC-DENA001-16 ("Draft Contract"), including its exhibits, to determine the full scope of a future concessioner's responsibilities under the Draft Contract.

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (P.L. 105-391), as implemented by the Service in Title 36 of the Code of Federal Regulations (C.F.R.) Part 51. The term "Concessioner" as used in this Prospectus refers to the entity that will be the Concessioner under the Draft Contract. The term "Existing Concessioner" refers to Doyon/ARAMARK Joint Venture, the Concessioner under the existing concession contract ("Existing Contract"). The Existing Contract and a copy of 36 C.F.R. Part 51 are included as appendices to this Prospectus.

In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, the latter will prevail. In the event of any inconsistency between the description of the terms contained in this Prospectus and the Draft Contract itself, the terms of the Draft Contract will prevail.

### The National Park Service and Its Mission

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that America's National Park Service was created by Congress to:

*...conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. §1)*

Additionally, Congress declared that the National Park System should be:

*...preserved and managed for the benefit and inspiration of all the people of the United States. (16 U.S.C. §1a-1)*

The Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the National Park Service, visit [www.nps.gov](http://www.nps.gov). This site includes information about the Service's mission, policies, and information on individual park units.

### Denali National Park and Preserve

Denali National Park and Preserve, located in Alaska's Interior Region, is six million acres in size, encompasses nearly 10,000 square miles, and includes the highest mountain in North America (Mount McKinley). The Park was established in 1917 to ensure the protection of wildlife along the Alaska Mountain Range. Due to its scenic environment and relatively rural location, the Park is a popular destination for travelers wanting to experience and explore large expanses of undeveloped wilderness.



The Park is home to 39 species of mammals, 169 species of birds, 14 species of fish, and 1 species of amphibian. Winter, the longest season, remains the home for year-round residents well-adapted to the cold subarctic environment. Spring, the shortest season, experiences a significant increase in animal activity, such as the return of most of Denali's bird life and the waking of the bear population from hibernation. Summer is a time for raising young and preparing

for fall migration, winter hibernation, or survival during the winter for animals ranging from eagles to wolves to moose.



The Park also has an abundance of plant life with more than 1,500 species of vascular plants, mosses, and lichens. In addition to providing a visually rich and scenic landscape, the floras represent the primary support for the Park's diverse ecosystem and wildlife habitat.

Additional information about the Park can be found on the National Park Service website at <http://www.nps.gov/dena/index.htm>.



The following is an overview map of Denali National Park and Preserve and the immediate surrounding area.

### Exhibit 1. Map of Denali National Park and Preserve and Surrounding Area



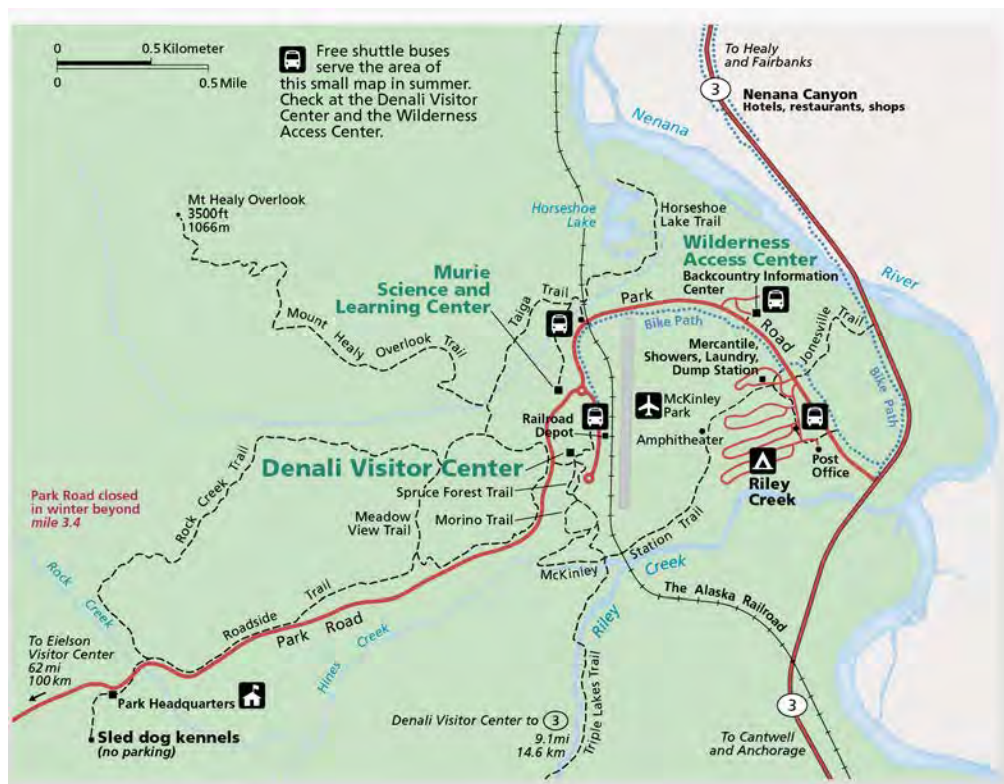
Source: National Park Service



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**Exhibit 2. Map of Denali National Park and Preserve Entrance Area**

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Source: National Park Service

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## CONCESSION OPPORTUNITY

The Park has a single, 92-mile road that begins at Mile 237 of the George Parks Highway and extends to the old mining community of Kantishna. Throughout most of the winter (October to mid-February) the Park Road is closed at Park Headquarters (Mile 3). Currently the Park plows the Park Road to Mt. Vista (Mile 12) in mid-February (weather dependent) to provide expanded recreational opportunities. Spring Road Opening begins in March when the Service opens the Park Road in segments as weather conditions allow. Once weather permits, the Park Road opens to the public as far as the Teklanika Rest Stop at Mile 30 until May 20th. After May 20th the Park Road closes to the public at the Savage River Check Station (Mile 15) and is only accessible via concession-operated transportation or Service- approved permit until after the end of Road Lottery. The Road Lottery is four days each mid-September during which a limited number (400) of private passenger vehicles are allowed daily entry on the full length of the Park Road after receiving special passes through a random selection system. See the Operating Plan, Exhibit B to the Draft Contract, for specifics.

The character of the Park Road changes over its length. The first 15 miles are paved and, in the summer season, provide access to hiking, bicycling, and camping opportunities without restricted access. The Park Road between the Savage and Teklanika Rivers changes from two lane pavement to two lane gravel. West of the Teklanika River, the Park Road becomes more rugged as rolling forest terrain gives way to steep mountains and rugged canyons. As the Park Road continues west from Teklanika to Kantishna, it changes from a uniform width, two-lane road, to a variable width, sometimes narrow single lane road.

Beginning on May 15<sup>th</sup>, the Draft Contract requires Short Tour, Courtesy, and Charter buses to provide service to destinations as far as the Teklanika Rest Stop. After May 20th, Long Tour and Transit also must provide service to destinations along the entire road as weather and Park Road conditions permit. See the Operating Plan, Exhibit B to the Draft Contract, for specifics.

### Existing Concession Overview

The Existing Concessioner, Doyon/ARAMARK Joint Venture, provides visitor services within the Park under the Existing Contract CC-DENA001-03, a copy of which is included in the appendices to this Prospectus. The Existing Contract is operating under an extension set to expire on December 31, 2015.

The Existing Concessioner offers two fee-based transportation services along the Denali Park Road: bus tours and a visitor transportation system (VTS) that moves people within the Park's interior region. Bus tours include the Denali National History Tour (to Mile 17), Tundra Wilderness Tour (to Mile 53) and Kantishna Tour (to Mile 92). The Existing Concessioner also provides free courtesy shuttles that only operate in the Park's front country (east of mile 12) and include the Riley Creek Loop, Savage River Shuttle (to Mile 15) and Sled Dog Demonstration Shuttle.

Other services under the Existing Contract include food and beverage services at the Morino Grill Restaurant and a snack shop at the Wilderness Access Center; retail operations at a general store at the Riley Creek Campground, a gift store at the Wilderness Access Center, and limited merchandise sold at the bookstore. The Existing Concessioner also manages two of the Park's six campgrounds (Riley Creek and Savage River) and offers limited vehicle maintenance and repair and baggage claim services.

### Required and Authorized Services under Draft Contract

The following exhibits summarize required and authorized services under the Draft Contract. Changes from the operations under the Existing Contract include modifying the Denali Natural History Tour and the Tundra Wilderness Tour as described in the Transportation Overview below, no longer having assigned retail space at the bookstore, and having three additional campgrounds to manage: Sanctuary River, Teklanika River and Igloo Creek.



**Exhibit 3. Required Services in the Draft Contract**

Required	Location
Transportation	Transit to and from all locations along the park road, Short Tours and Long Tours to specific destinations along the park road, Front Country Courtesy Shuttles to locations east of mile 15, Chartered transportation to locations along the park road.
Retail	Riley Creek Mercantile and Wilderness Access Center
Food and Beverage	Morino Grill, Wilderness Access Center, Bus Tours, and Murie Dining Hall
ATM	Morino Grill
Camping	Riley Creek, Savage River, Sanctuary, Teklanika and Igloo Creek
Laundry and Showers	Riley Creek Mercantile
RV/Trailer Dump Station	Riley Creek Mercantile
Towing and Other Repairs	Park Road
Baggage Storage	Baggage Claim building across from Alaska Railroad Depot
Wi-Fi	Morino Grill, Riley Creek Mercantile, Wilderness Access Center
Authorized	Location
Transportation (Winter)	Denali Park Road to Mile 13
Special Events	Murie Dining Hall
Limited Garage Services	Concession Maintenance Facilities
ATM	Service approved locations
Equipment Rental	Riley Creek Mercantile and Wilderness Access Center
Retail	Morino Grill

Source: National Park Service

**Overview of Required Transportation Services under Draft Contract**

The Concessioner will provide four types of public transportation services that vary by distance traveled on the Denali Park Road and amenities available during the trip. The service types will include front country courtesy shuttle buses, transit buses, tour buses, and charter buses as explained in detail below:

Front Country Courtesy Shuttle Buses. The Concessioner will operate three front country courtesy shuttle bus routes daily during the season. The buses will operate from the Visitor Center/Wilderness Access Center area to other destinations in the entrance area. The routes are: Riley Creek Loop (RCL), Savage River Shuttle, and Sled Dog Demonstration Shuttle. The shuttles will be open to all visitors and free of charge. The buses will serve regularly scheduled routes with stops at key activity centers, such as the campgrounds, visitor centers, hiking trailheads and retail locations. Refer to section 6(c) of Exhibit B - Operating Plan for more details. The Service considered the expenses of operation of the courtesy shuttle in the financial analysis.

Transit Buses. Transit buses (currently defined as the "VTS" under the Existing Concession Contract) will provide trips of varying length along the Park Road. The buses will operate as a flag-down system along the road in either direction, allowing visitors to get on and off the bus at their own schedule. Under the Draft Contract, the Concessioner will have seats available for pre-booking with ticket pricing determined by destination points between the Wilderness Access Center and Kantishna. The Concessioner must retain a portion of the seats for passengers without reservations.

Tour Buses. Under the Draft Contract, tours are categorized as "Long Tours" or "Short Tours" (identified in the Vehicle Management Plan (VMP) as "Premium Long Tour" and "Premium Short Tour"). Long Tours will visit sites along the full length of the Denali Park Road, but will predominately travel from the entrance to destinations between Milepost 32 (Teklanika) and Milepost 92 (Kantishna). Short Tours will travel to



destinations between Milepost 15 and Milepost 32 (Teklanika) and some short tours will include opportunities for off-bus experiences. Off-bus activities may include Concessioner-provided professional interpretive programs and guided talks at key locations.

Charter Buses. The Draft Contract requires two types of Charter Buses, Commercial and Educational. In 2014, the Existing Concessioner accommodated approximately 100 charter trips for the Murie Science and Learning Center. The Service expects the potential of up to two Commercial Charters a day and a smaller number of Educational Charters. The Concessioner is not required to market this service.

## **Vehicle Management Plan**

Under the Existing Contract, vehicle limits and operating conditions were based on the Park's 1986 General Management Plan (GMP) and 1997 entrance area and road plan. In an effort to better monitor and protect the Park's environmental resources, as well as to optimize transportation flow and efficiency, the Park developed the Vehicle Management Plan (VMP), which amends the vehicle management aspect of the GMP for the restricted section of the Denali Park Road (Mile 15 to Mile 92). This VMP guides management decisions during the term of the Draft Contract.

The VMP selected alternative will offer visitors a high-quality experience using a transportation system that provides predictability, efficiency, and variety. Appendix M (Record of Decision: Denali Park Road VMP and EIS) provides a summary of the actions the Service will implement. Appendix N contains the full Vehicle Management Plan and Environmental Impact Statement.

During the core seasons of the first two years of the Draft Contract, the Concessioner will be allowed up to 91 total buses per day on the restricted section of the Denali Park Road. During this time, the Service will monitor vehicle traffic including the Concessioner's transportation operations to determine if standards set out in the VMP are met. To meet VMP standards and goals, the Service may require the Concessioner to make daily adjustments to scheduling and driver practices during the season. Changes to overall capacity are implemented 24 months out to allow for suitable notification to the travel industry and other stakeholders. In other words, if the Service concludes at the end of the second operating season that it should reduce the number of vehicles allowed on the Park Road, the Concessioner would have two additional operating seasons before needing to implement such reduction.

Major components of the VMP include the following.

### *Wildlife Subzones*

To preserve resource values and the visitor experience, the Service manages indicators and standards in three different Wildlife Viewing Subzones:

- Wildlife Viewing Subzone 1, from the Savage River Bridge to the Teklanika River Bridge, is managed to allow for the greatest flexibility.
- Wildlife Subzone 2, from the Teklanika River Bridge to the Eielson Visitor Center and from the Wonder Lake junction to the Old Park Boundary, is also managed to allow for flexibility, but with more restrictive standards than Wildlife Subzone 1.
- Wildlife Subzone 3, from the Eielson Visitor Center to the Wonder Lake Junction, will be managed for the lowest traffic volume and, therefore, has the most restrictive standards.

### *Indicators and Standards*

The resource indicators set out in the VMP include standards for gaps in traffic that allow for wildlife movement across the road (labeled as sheep gap spacing) and nighttime traffic levels. The visitor experience indicators include the number of vehicles at spontaneous wildlife stops, the number of vehicles in defined iconic viewscapes, the number of vehicles at rest stops and hiker wait times. The Service will monitor the indicators through Service observation and other technologies. To meet the standards set forth in the hiker wait time indicator, the Concessioner must collect hiker wait time data on its Transit Service and at the



Eielson Visitor Center. Using this information, the Service will determine whether traffic levels and patterns meet the standards.

### *Scheduling Cycle*

- In the first two years of the Draft Contract, the Concessioner will be allowed up to 91 buses per day on the restricted section of the Denali Park Road. These buses will be distributed among the Short and Long Tours, Transit, and Commercial Charter systems. Educational Charters are not included in this total. In 2016, the Service anticipates scheduling as follows:
  - A Transit service scheduled in periods that meets visitor demand and hiker wait times, very similar to 2014. Refer to Appendix O for the 2014 Transit schedule.
  - A blend of Short and Long Tours with a higher volume of these tours occurring between the Savage and Teklanika Rivers (Wildlife Viewing Subzone 1) than in the other Wildlife Viewing Subzones.
  - Service approved Commercial Charters may be scheduled along the full length of the Denali Park Road.
- To better explain the requirements of the VMP, Appendix P of this Prospectus provides an example schedule during peak visitor season that integrates Transit, Tours, and Commercial Charters into one comprehensive schedule. Note the schedule has 91 “slots” with specific departure times, destination/turnaround locations, and time between departures. These three elements (along with driver practices) are critical to creating a schedule that meets VMP standards. The Service does not expect the Concessioner to replicate the schedule in Appendix P, but provides it as an example of a schedule that meets standards established for the VMP indicators of desired resource and visitor experience conditions. The Concessioner will work with the Service to develop a schedule that meets VMP goals and standards and accommodates other road users and NPS priorities.
- During the fall and winter following implementation of the initial schedule, the Service will analyze VMP data and potentially generate a new schedule based on this analysis.
- If the Service determines it necessary to revise the schedule so as to affect capacity of the transportation system, such changes will not be implemented until 24 months after such decision to give the industry and stakeholders time to react to any change in capacity.
- During the course of each season, the Service will monitor key indicators to assess the success of current traffic levels and traffic patterns in meeting standards. The Service may take actions during the season to adjust traffic patterns without affecting system capacity.

Refer to Appendix O, which also describes front country courtesy bus schedules.

### **Description of Vehicle Fleet**

The vehicle approved for transporting visitors on the Denali Park Road must follow the design vehicle requirements set out in the Draft Contract Exhibit B, Operating Plan, Section 6(J).

The Service estimates the Concessioner will need a minimum of 98 buses to provide the required services in accordance with established standards. Offerors must perform their own due diligence to determine the number of buses needed to maintain the bus fleet at levels necessary to accommodate visitors and maintain service standards, but this estimate should not be lower than 98.




Pursuant to the terms of the Existing Contract (Amendment 5), the Service will require the Concessioner to purchase 77 buses from the Existing Concessioner. When purchasing buses other than these, the Concessioner will have flexibility to choose a bus manufacturer, but must follow the design vehicle specifications described below:



MAXIMUM BUS SPECIFICATIONS	
Maximum GVWR	36,200 pounds
Maximum Width	96" (8')
Maximum Length	483" (40' 3")
Maximum Height	132" (11 feet)
Maximum Wheelbase	288" (24 feet)
Maximum Turning Radius*	40 feet 5 inches

The following exhibit provides a summary of the bus types currently used at the Park. As shown in the exhibit, types C and D are based on a modified school bus design, powered by conventional diesel engines with pneumatic and/or hydraulic brakes, suspension, and door systems powered by on-board compressors. The Existing Concessioner no longer purchases Type C (conventional) buses but some remain in use.

#### Exhibit 4. Denali Bus Type Classification

Classification and Description	Image	Specifications
<p><b>Type C</b> - is referred to as a "conventional" school bus. The body is installed on a flat-back cowl chassis. The entire engine is in front of the windshield and the entrance door is behind the front wheels.</p> <p>This bus type is currently used for Transit and Front Country Shuttle services.</p>		<p><b>Capacity:</b> Typically 22-44 passengers.</p> <p><b>Gross Vehicle Weight Rating:</b> over 21,500 lbs. typically 23,000–29,500 lbs.</p>
<p><b>Type D</b> – is a "forward control" or "rear engine" school bus. The body is installed upon a chassis, with the engine mounted in the front, mid-ship, or rear. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels; or mid-ship between the front and rear axles. The entrance door is ahead of the front wheels.</p> <p>This bus type is currently used for Tour, Transit and Front Country Shuttle services.</p>	<p>Rear Engine Bus</p>  <p>Front Engine Bus</p> 	<p><b>Capacity:</b> Typically 44-53 passengers.</p> <p><b>Gross Vehicle Weight Rating:</b> over 25,000 lbs., typically 25,000–36,000 lbs.</p>

Source: National Park Service

### Overview of Other Required Services under Draft Contract

#### Food and Beverage

Morino Grill: The Concessioner will provide food and beverage services at the Morino Grill, located near the Visitor Center, offering casual, cafeteria-style dining. Under the Draft Contract, the restaurant's operating

season is from mid-May to mid-September. Food items will include a variety of grab-and-go offerings as well as sit down meals such as sandwiches, wraps, soups, and salads.

Wilderness Access Center: The Concessioner will provide a snack and coffee shop service at the Wilderness Access Center that will serve hot beverages and limited grab-and-go-food.

Murie Dining Hall: Located within the Dining Hall and adjacent to the Employee Dining Hall, the Murie Dining Hall (MDH) is used primarily for educational programs and education-based events scheduled by the Service. The Concessioner is the only entity authorized to provide food service for events at the MDH. In 2014, the Service accommodated approximately 50 education based events in the MDH that catered to 2,500 park visitors. After fulfilling any Service scheduled events, the Concessioner may rent the MDH as a classroom, meeting space, and for special events.

Long Tour Lunch Service: The Concessioner must offer a prepackaged lunch service to Long Tour bus riders. The lunch must include at least an entrée, beverage, and snack. The Concessioner may provide lunch service to Short Tour and Transit bus riders.

### *Retail*

The Concessioner will operate 1,950 square feet of retail space at the Riley Creek Mercantile to provide camping supplies, limited groceries, and souvenir items. In addition, the Concessioner will provide retail services in 800 square feet of space at the Wilderness Access Center. The minimum operating season for all required retail services is from mid-May to mid-September.

### *Shower and Laundry*

The Concessioner will provide public shower and laundry services at the Riley Creek Mercantile.

### *Camping*

The Concessioner will manage five of the six Service campgrounds under the Draft Contract – Riley Creek, Savage River, Sanctuary, Teklanika and Igloo. The Service will manage the Wonder Lake Campground. The Sanctuary, Teklanika, and Igloo Campgrounds are located on the restricted section of the Denali Park Road. Visitors must use the transit system to access the Sanctuary and Igloo Campgrounds. At Teklanika Campground, visitors may drive their personal vehicle to the campground and back provided they stay at the Teklanika Campground a minimum of three nights. Visitors staying at the Teklanika Campground less than three nights cannot drive their personal vehicle and must use the transit system to access the campground.

### *Vehicle Maintenance*

The Concessioner must provide vehicle towing services from the restricted section of the Denali Park Road and is authorized to perform maintenance and fuel sales to Kantishna business vehicles.

### *Baggage Storage*

The baggage storage facility is located across from the train depot. The Concessioner will operate this facility to allow visitors to store their personal belongings for short periods of time while visiting the Park.

### *Entrance Fee Collection*

The Existing Concessioner collects the Service's entrance fees. After awarding the Draft Contract, the Service intends to issue a procurement contract or fee agreement for the collection of user fees. The Concessioner will have the opportunity to participate in that procurement contract or fee agreement and collect user fees as a part of its reservation system.



## CONCESSION FACILITIES IMPROVEMENT PROGRAM

The Draft Contract requires the Concessioner to undertake and complete a real property improvement program hereinafter referred to as the Concession Facilities Improvement Program (CFIP) costing no less than \$6,250,000 and no more than \$7,650,000 in 2016 dollars (adjusted based on average CPI rates of 2.4% annually) with a target completion by May 1, 2018. Not all elements of the CFIP are eligible for LSI.

Below is a summary of each of the CFIP projects.

### *Food and Beverage Storage and Receiving Facility (Commissary)*

The Concessioner must construct the food and beverage storage and receiving facility (commissary) to the east of the Bus Barn in the wooded area next to the dining facility service road. The Commissary will provide the Concessioner with adequate storage to support the Morino Grill, employee dining, retail/sundry sales, and lunches for the bus tours. The total estimated square footage for this facility is 2,500. Based on Class C construction estimates, total net construction cost (including escalations, such as design and management fees) will be no less than \$2,000,000 and no more than \$2,400,000 in 2016 dollars.

### *Automotive Storage and Receiving Facility*

The facility is a 20 foot by 60 foot (1,200 SF on the first floor and 800 square feet on the second floor) addition to the Bus Barn to be located on the north side of the Bus Barn connected to the two existing bus repair bays. The addition will provide a two-story storage space for automotive parts such as wheels, brake drums, filters, glass parts and tires located at the loading dock area for fork lift operations and access to the second floor storage. This project also will include the installation of a fire suppression sprinkler system throughout the Bus Barn. Based on Class C construction estimates, total net construction cost (including escalations, such as design and management fees) will be no less than \$1,350,000 and no more than \$1,650,000 in 2016 dollars.

### *Automated Bus Wash System*

The facility will replace the existing wash bays located on the south end of the Bus Barn to automate the bus wash system, thereby reducing manual labor costs and environmental impacts. The proposed footprint would be 52 feet wide and 60 feet deep (40 feet bus length maximum), including the equipment room and electrical room between the two wash bays. The total estimated square footage for these facilities is 3,120. Based on the Class C estimates, total construction cost for Wash Bay 1 is projected to be no less than \$1,600,000 and no more than \$2,000,000 in 2016 dollars. Estimated total construction cost for Wash Bay 2 is projected to be no less than \$1,300,000 and no more than \$1,600,000 in 2016 dollars. Total construction (for both bays) is projected to be no less than \$2,900,000 and no more than \$3,600,000 in 2016 dollars.

The following exhibit summarizes the projected costs associated with the CFIPs.

<b>Exhibit 5. Class C Estimate for CFIPs</b>	
<b>Description</b>	<b>Total Net Construction Cost Estimate (2016 dollars)</b>
Food and Beverage Storage and Receiving Facility (Commissary)	\$2,000,000 - \$2,400,000
Automotive Storage and Receiving Facility	\$1,350,000 - \$1,650,000
Automated Bus Wash System	\$2,900,000 - \$3,600,000

*Source: National Park Service*

The Service estimates that at least \$1,900,000 of the items in the Class C estimates, including the automated bus wash machinery and other personal property needed to make the structures functional will not be eligible for LSI.



## Employee Considerations

### *Employee Support Services*

The Concessioner must provide employee housing and employee dining service within the Park and provide other employee support services including transportation and recreational opportunities. Under the Draft Contract, the employee housing pillow count will be 174. The Concessioner must provide two trailers at Wonder Lake to house its overnight Transit drivers.

### *Service Contract Act*

As with the Existing Contract, the Draft Contract is subject to the Service Contract Act of 1965 (41 U.S.C. §§ 351–358), which determines the wages for the concession employees. The Existing Concessioner has a collective bargaining agreement (Denali National Park Professional Drivers Association/ General Teamsters Local 959, State of Alaska Affiliated with International Brotherhood of Teamsters Local 959) that sets bus driver wages. The Existing Concessioner also has a collective bargaining agreement with Local Union 1547 The International Brotherhood of Electrical Workers, AFC-CIO Anchorage, Alaska. The current Department of Labor SCA wages are included as Appendix J to this Prospectus.

Executive Order 13495 Non-displacement of Qualified Workers under Service Contracts applies to the Draft Contract. A copy of Executive Order 13495 is included as Appendix R to this Prospectus.

## Utilization and Operating Data

The Proposal Package (Part III of this Prospectus), which Offerors must complete and submit as part of this solicitation, requires Offerors to develop financial projections based on the business to be operated. To assist Offerors in the development of these projections, the Service presents information regarding historical utilization, operating data, and financial projections, based on an assumed Draft Contract start date of January 1, 2016. Please note that operating projections are only estimates based on Service assumptions that were developed taking into account publicly available historical data, industry standards, comparable information from other facilities, and concessioner Annual Financial Reports.

Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. Offerors are responsible for producing their own prospective financial analyses and may not rely on the Service projections. The Service does not warrant, and assumes no liability for, the accuracy of the financial projections or estimates contained in this Prospectus.

## Historical Revenue and Franchise Fee (Existing Concessioner)

Exhibit 6 presents total concession gross receipts from 2010 to 2012. Revenue averaged \$21,244,562 over this period, increasing by 4.5% in 2011 over the 2010 level, and by an additional 5.8% in 2012 from 2011.

<b>Exhibit 6. Existing Park Concession Historical Gross Receipts</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total Revenue	\$20,235,569	\$21,138,178	\$22,359,939

*Source: National Park Service*

Exhibit 7 presents Existing Concession revenue by department from 2010 to 2012. Transportation generated the largest share of total revenue over this period (88.6%), followed by Retail (3.8%), Food and Beverage (3.8%), Employee Charges (1.7%), Camping (1.6%), Vehicle Support (0.4%), and Baggage Claim (0.1%).



**Exhibit 7. Average Gross Receipts by Department, 2010-2012**

	2010	2011	2012
<b>Transportation</b>	\$17,819,727	\$18,678,385	\$19,923,501
<b>Retail</b>	\$799,724	\$845,143	\$775,851
<b>F&amp;B</b>	\$776,864	\$790,182	\$840,797
<b>Employee Charges</b>	\$357,493	\$356,246	\$386,126
<b>Camping</b>	\$347,425	\$325,073	\$348,865
<b>Vehicle Support</b>	\$113,023	\$103,487	\$62,547
<b>Baggage Claim</b>	\$21,323	\$22,662	\$22,252

Source: National Park Service

Historically, the Existing Concessioner has paid the Service a franchise fee of 15.4% of total gross receipts.

**Exhibit 8. Franchise Fees 2010-2012**

	2010	2011	2012
<b>Franchise Fees</b>	\$3,049,307	\$3,190,881	\$3,342,295

Source: National Park Service

**Future Revenue and Utilization Projections**

Exhibit 9 details the Service's assumptions for transportation, bus tour, retail, food and beverage and camping services. Rates are based on an approved per-hour rate.

Prices for concession services other than tour and transit service are estimated to increase at the CPI-U rate of inflation. As explained in the Operating Plan (Exhibit B to the Draft Contract), the Service will approve rates for tour and transportation services annually adjusted by CPI-Anchorage transportation Index to account for fuel prices.

**Exhibit 9. Projected Capacities and Operating Statistics (2016)**

<b>Transportation</b>	<b>Projected Ranges</b>
<b>Tours (Premium Short and Long)</b>	
Projected Annual Tour Ridership	190,000 – 200,000
Average Weighted Rate for Tours	\$75.00-\$85.00
<b>Transit (formerly known as VTS)</b>	
Projected Annual Transit (formerly VTS) Ridership	73,000 – 83,000
Average Weighted Rate for Transit	\$35.00 – \$45.00
<b>Front Country Courtesy Shuttle</b>	
Projected Annual Courtesy Shuttle Ridership	70,000 – 80,000
Average Rate for Courtesy Shuttle	Free
<b>Charters</b>	
Projected Annual Commercial Charter Bus Requests	200
Average Rate for Commercial Charter Bus	\$1,122.00 (per charter)
<b>Food and Beverage</b>	<b>Projected Ranges</b>
<b>Morino Grill – Total Seating Capacity of 150 persons.</b>	
Projected Number of Annual Restaurant Covers	55,000 – 60,000
Projected Average Check Amount Per Cover	\$11.00 – \$12.00
<b>WAC Snack Shop</b>	
Projected Number of Annual Transactions	37,000 – 42,000
Average Transaction Amount	\$6.00 – \$7.00



<b>Retail</b>	<b>Projected Ranges</b>
<b>WAC Gift Shop – Total of 800 S.F. of Retail Space</b>	
Projected Number of Annual Transactions	29,000 – 34,000
Projected Average Transaction Amount	\$10.00 – \$11.00
<b>Riley Creek Mercantile – Total of 1,950 S.F. of Retail Space</b>	
Number of Transactions	52,000 – 58,000
Average Transaction Amount	\$7.00 – \$8.00
<b>Camping</b>	<b>Projected Ranges</b>
<b>Riley Creek – Total of 148 Campsites (18,944 Nightly Sites Available during May to Sept Season)</b>	
Projected Overnight Sites Reserved	14,000 – 15,000
Average Weighted Nightly Rate	\$20.50 – \$21.50
<b>Savage River – Total of 31 Campsites (4,608 Nightly Sites Available during May to Sept Season)</b>	
Projected Overnight Sites Reserved	3,500 – 4,000
Average Weighted Nightly Rate	\$24.00 – \$25.00
<b>Teklanika – Total of 53 Campsites (6,360 Nightly Sites Available during May to Sept Season)</b>	
Projected Overnight Sites Reserved	5,000 – 6,000
Average Weighted Nightly Rate	\$17.00 – \$18.00
<b>Sanctuary – Total of 7 Campsites (812 Nightly Sites Available during May to Sept Season)</b>	
Projected Overnight Sites Reserved	150 – 250
Average Weighted Nightly Rate	\$9.00 – \$10.00
<b>Igloo – Total of 7 Campsites (812 Nightly Sites Available during May to Sept Season)</b>	
Projected Overnight Sites Reserved	450 – 550
Average Weighted Nightly Rate	\$9.00 – \$10.00

Source: National Park Service

Exhibit 10 presents departmental revenue projections for the first year (2016) of the Draft Contract period.

#### Exhibit 10. Projected Revenue by Department, 2016

<b>Department</b>	<b>Projected Range</b>
Transportation	\$16,000,000 - \$20,000,000
Food and Beverage	\$820,000 - \$1,020,000
Retail	\$650,000 - \$830,000
Camping	\$460,000 - \$540,000
Vehicle Support	\$110,000 - \$130,000
Baggage Claim	\$20,000 - \$30,000
<b>Total Revenue</b>	<b>\$18,060,000 - \$22,550,000</b>

Source: National Park Service

#### Fuel Expenses

The Service considered the volatile nature of fuel prices in determining the minimum franchise fee.

#### Utilities

The Service will provide water and sewage treatment services to the Concessioner. Utility rates are established in accordance with Service policy. Refer to the Operating Plan (Exhibit B of the Draft Contract) for more information. Note that while there has been a utility pass through for water and wastewater in the past, there will be no utility add-on in the Draft Contract. The Service considered potential capital construction costs as required by Director's Order (DO) 35B in determining the minimum franchise fee. The Concessioner must contract with the private producer of electricity for that service.

Exhibit 11 presents the historical water and sewer utility payments to the Service.



**Exhibit 11. Water and Sewer Utility Payments**

	<b>2010 Front Country and Savage Campground</b>	<b>2011 Front Country and Savage Campground</b>	<b>2012 Front Country and Savage Campground</b>
May	\$35,628	\$46,056	\$0
June	\$60,782	\$61,992	\$45,296
July	\$49,318	\$60,894	\$49,370
August	\$35,325	\$50,745	\$45,023
September	\$32,006	\$32,536	\$19,190
<b>Annual total</b>	<b>213,058</b>	<b>252,223</b>	<b>158,878</b>

**Concession Facilities**

Land assignment maps showing the Concession Facilities and a list of assigned facilities are presented in Exhibit D to the Draft Contract. The Concessioner will be responsible for maintenance, repairs, housekeeping, and grounds-keeping of the Concession Facilities, as required in the Draft Contract.



## INVESTMENT AND OPERATIONS ANALYSIS

Exhibit 12 shows that the total estimated initial investment by the Concessioner, as projected by the Service, is between \$23,218,370 and \$23,918,370 in 2016 dollars. This includes existing Leaseholder Surrender Interest, personal property, inventory, deferred maintenance, working capital, and start-up costs (staff hiring, training, etc.).

**Exhibit 12. Estimated Initial Investment (2016)**

Item	Estimated Amount (2016 Dollars)
Leasehold Surrender Interest	\$4,320,370
Purchase of Personal Property (estimate) <sup>1</sup>	\$13,301,000
Inventory Investment	\$482,000
Deferred Maintenance (cured over two years)	\$356,000
Start-up Costs	\$817,000
Working Capital	\$817,000
CFIP (1/2 of total costs)	\$3,125,000 - \$3,825,000
<b>TOTAL</b>	<b>\$23,218,370 - \$23,918,370</b>

*Source: National Park Service*

<sup>1</sup> Based on the purchase of the 21 buses not covered by Amendment #5 as new buses.

### Leasehold Surrender Interest (LSI)

Under the Existing Contract, the Concessioner must purchase the existing Leasehold Surrender Interest (LSI), which is defined in Exhibit A of the Existing Contract. The amount of determined existing LSI is \$4,320,370.

The Concessioner may obtain additional LSI in capital improvements it constructs in accordance with the terms of the Draft Contract. The Service estimates the total value of the Concessioner's LSI upon completion of the required Concession Facilities Improvement Program as described above and other contract requirements at \$10,666,000. Upon contract termination or expiration, the Concessioner is entitled to compensation for its LSI as provided by the Draft Contract. During the term of the Draft Contract, the Service may extinguish LSI in part or whole by payment of its value to the Concessioner.

The Draft Contract provides that the Concessioner's Leasehold Surrender Interest will be valued according to the straight-line depreciation formula

### Personal Property and Inventory

The estimated value of Personal Property the Concessioner must acquire is approximately \$13.3 million in 2016 dollars. Appendix H to this Prospectus contains a list of personal property owned by the Existing Concessioner. The cost of the minimum fleet of 98 buses is estimated to be \$11,897,000 and the cost of the other personal property is approximately \$1.1 million.

Pursuant to Amendment 5 to the Existing Contract, the Concessioner must purchase certain personal property from the Existing Concessioner including a portion of the bus fleet and generally, kitchen equipment. Appendix C to this Prospectus contains Amendment 5. Amendment 5 lists the buses and personal property. The list includes 77 buses (representing nearly three quarters of the current fleet of 98 buses). The estimated purchase price is \$8.22 million. The personal property listed in the amendment is \$212,000. Offerors should review Amendment 5 carefully to understand the scope of property subject to this required acquisition.

The Concessioner must obtain an additional 21 buses to maintain the minimum fleet size of 98 buses. The Service estimates the cost of buying 21 new buses at approximately \$3.675 million. The Concessioner need



not buy all new buses. The 21 buses could be a combination of new and used buses, or all used buses. While the Concessioner will have some flexibility in determining the exact number and types of vehicles used to provide transportation services, each bus must meet the specific requirements and guidelines specified in the Draft Contract, section 6 (J and K) of Exhibit B - Operating Plan.

### Deferred Maintenance

The Concessioner must cure all deferred maintenance (DM) for all real property assets assigned under the Draft Contract. DM expenditures, which the Service estimated to total approximately \$356,000, represent non-routine expenditures not covered by the Repair and Maintenance Reserve. The majority of this DM is in upgrades to the Sanctuary, Igloo, and Teklanika campgrounds, new to the Draft Contract. The Concessioner must maintain facilities according to the Maintenance Plan (Exhibit H to the Draft Contract) and cannot allow new DM to occur or accumulate.

While the Service has estimated DM costs, Offerors must develop their own estimates. In addition, the Concessioner must complete the cure of DM to the satisfaction of the Director even if the actual costs exceed the total estimate provided in this Prospectus. The Service does not warrant the estimate, but includes it to provide a reasonable expectation of the investment associated with the requirements herein. As stated in Exhibit H of the Draft Contract, page B1, the Concessioner must cure all Deferred Maintenance as identified by the Service in the first year of the Contract.

### Start-Up Costs and Working Capital

At the start of the Draft Contract, the Service estimates the Concessioner will need to make an investment of approximately \$817,000 in working capital at the outset of the Draft Contract to cover expenses during periods in which the cash flow is not sufficient.

In addition, the Service estimated \$817,000 in other start-up costs for activities such as initial marketing, staff hiring, systems implementation, and other pre-opening activities.

Like other projections, Offerors must perform their own due diligence and not rely on the estimates of the Service.

### Repair and Maintenance Reserve

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve for repair and maintenance projects that are non-recurring within a seven-year time frame. The terms and conditions of the Repair and Maintenance Reserve are set out in the Draft Contract in Section 10(c). The Repair and Maintenance Reserve for the Draft Contract will represent **zero point four percent (0.4%)** of gross receipts per year during the term of the Draft Contract.

### Contract Term

The term of the Draft Contract will be for ten (10) years with an estimated beginning date of January 1, 2016. The effective date of the Draft Contract is subject to change prior to award if determined necessary by the Service. In such an event, the Service will change the expiration date of the Draft Contract to continue the same term length from any adjustment to the effective date.

### Franchise Fees

The minimum franchise fee will be equal to **eleven percent (11.0%)** of the Concessioner's annual gross receipts for the preceding year. Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in Part III of this Prospectus).



## PARK VISITATION INFORMATION

Exhibit 13 shows that from 2001 to 2013, visitation averaged 390,960. While overall growth has been positive, increasing at an average annual growth rate of 1.5%, the last five years (2009 to 2013) have been uneven, with a net negative trend. This appears tied to a reduction in the number of cruise ship passengers to Alaska, which comprise a significant segment of Park visitation, as a result of the economic recession. Given the current and projected recovery in the cruise ship industry, Park visitation is assumed to resume positive growth over the next few years.

**Exhibit 13. Denali National Park and Preserve Visitation, 2001-2013**

Year	Total Visitation	% Change
2001	360,191	-
2002	311,335	-13.6%
2003	360,189	15.7%
2004	404,236	12.2%
2005	403,520	-0.2%
2006	415,935	3.1%
2007	458,308	10.2%
2008	432,309	-5.7%
2009	358,041	-17.2%
2010	378,855	5.8%
2011	406,582	7.3%
2012	388,600	-4.4%
2013	404,375	4.1% <sup>1</sup>

Source: National Park Service

<sup>1</sup> In 2013, Denali National Park changed its counting methodology. The Monthly Public Use Reports show a 2013 visitation of 530,922 and a 36.7% increase. The table shows visitation using the previous methodology.

### Seasonality of Visitation

Exhibit 14 presents average monthly visitation from 2001 to 2013. While the Park is accessible year-round, visitation is highly seasonal and dependent on weather conditions. The most heavily visited months are June through August (comprising 81.0% of total visitation), with very few visitors from October through April.

**Exhibit 14. Denali National Park Average Monthly Visitation, 2001-2013**

Month	Average Visitation	Share of Annual
January	535	0.1%
February	812	0.2%
March	1,579	0.4%
April	3,092	0.8%
May	30,330	7.6%
June	100,214	25.0%
July	117,013	29.2%
August	104,953	26.2%
September	40,083	10.0%
October	1,160	0.3%
November	503	0.13%
December	408	0.1%
<b>Annual</b>	<b>400,682</b>	<b>100%</b>

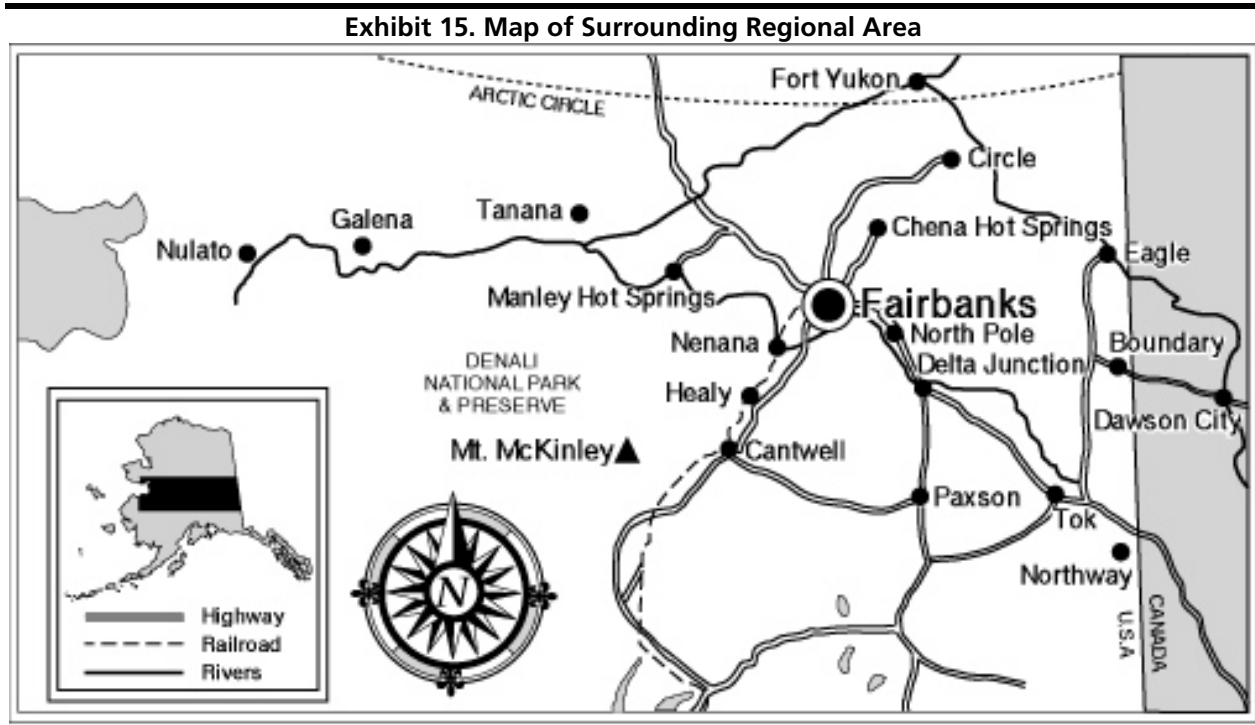
Source: National Park Service



## MARKET OVERVIEW

Denali National Park and Preserve is part of Alaska's Interior Region, which consists of the Denali and Fairbanks North Star boroughs and the Southeast Fairbanks and Yukon-Koyukuk census areas (CAs). The closest major metropolitan area is Fairbanks, which is the state's second largest city, located approximately 120 miles north of the Park. Anchorage, the largest city in the state, is approximately 240 miles south. The nearest year-round community is Healy, located 12 miles north. Alaska's Interior Region offers a balance of commercial conveniences and remote wilderness experiences for visitors interested in exploring Alaska from the roadway and railroad system.

Exhibit 15 shows a map of regional area surrounding the Park.



*Source: National Park Service*

### Alaska Visitation Trends

According to an recent economic impact report published by the Alaska Department of Commerce, Community and Economic Development, out of the approximately 1.56 million out-of-state summer visitors to Alaska in 2011, 57.0% were cruise passengers, 39.0% were air travelers and the remaining 4.0% traveled by highway and ferry. As shown in Exhibit 16, visitation has remained relatively stable over the past six years, peaking in 2008 with the next two years (2009 and 2010) experiencing moderate declines. This decline in demand appears to be mostly associated with the economic recession. 2011 through 2013 visitation, however, shows a reversal of this trend, with average growth increasing by 4% annually.

**Exhibit 16. Total Summer Visitation to Alaska (May through September), 2006-2014**

	Cruise	Air	Highway & Ferry	Total Visitors
<b>2006</b>	958,900	595,100	77,500	1,631,500
<b>2007</b>	1,029,800	609,300	75,000	1,714,100
<b>2008</b>	1,033,100	604,000	70,300	1,707,400
<b>2009</b>	1,026,600	511,200	63,900	1,601,700
<b>2010</b>	878,000	558,100	69,500	1,505,600
<b>2011</b>	883,000	604,500	69,300	1,556,800
<b>2012</b>	937,000	580,500	69,100	1,586,600
<b>2013</b>	999,600	619,400	74,800	1,693,800

*Source: Alaska Department of Commerce, Community and Economic Development*

#### *Origin of Visitors*

The Service conducted a survey in the summer of 2011 at the Park that asked respondents a series of questions to better understand visitor demographics, spending patterns and preferences. Based on the 2011 survey findings, 91.0% of respondents visiting the Park were from the United States (U.S.). Of U.S. respondents, approximately 12.0% were from California, 10.0% from Alaska and 6.0% were from Texas. The remaining states each represented less than 5.0% of total responses. Of international respondents (which represented only 9.0% of total respondents), 24.0% were from Canada, 12.0% were from Switzerland, 10.0% were from Germany, and 8.0% were from the United Kingdom. Other countries represented less than 8.0% of total international respondents.

#### *Group Size and Age*

Based on the 2011 survey findings, only 4.0% of all respondents traveled alone, with 47.0% traveling in pairs, 40.0% traveling with 3 or 4 people, and 19.0% in groups of 5 or more. Of total respondents, 37.0% were part of a commercial guided tour. The survey also reported that 51.0% of all respondents were between 51 and 70 years of age, 41.0% were ages 16 to 60, 9.0% were 71 and older and 8.0% were younger than 16 years of age.

#### *Length of Stay and Type of Accommodation*

The 2011 survey indicated that most visitors (85.0%) stayed within the Park or in the local area (Nenana to Talkeetna). Of these, the average length of stay (in Park and local area) was 2.7 days. Of those that stayed in the Park, 33.0% RV camped in a developed campground, 30.0% stayed in the Kantishna area lodge/cabins, 28.0% tent camped in a developed campground, and the remainder stayed in a backcountry campsite or some other form of accommodation. Of those staying outside the Park but in the local area, 84.0% stayed in a lodge/motel/condo/house/bed and breakfast, with 11.0% RV camping, 3.0% tent camping, and the remaining percentage staying at some other form of accommodation (e.g., residence of friends).

#### *Transportation to Park and Surrounding Area*

Of respondents, 36.0% initially arrived to the Park and surrounding area by train, with 28.0% traveling by private vehicle, 26.0% by motor coach, and the remainder indicating some "other" form of travel. In terms of travel between accommodations and the Park, 38.0% traveled in concession buses (Tundra Wilderness Tour or Denali Natural History Tour), 26.0% traveled via hotel shuttle or courtesy bus, 23.0% traveled with a rental vehicle, 22.0% traveled via tour motor coach, 22.0% traveled by private vehicle, and the rest traveled via some other form of transport (such as on foot or by bicycle). Note that these percentages are greater than 100% as some multi-day Park visitors used different forms of transport.



## Local and Regional Population

Exhibit 17 compares the resident population in 2000 and 2010 for the Interior Region as well as for the entire state of Alaska, California and the U.S. as a whole and provides population projections for 2020. Given that Alaskan and Californian residents represent a substantial share of Park visitation, population growth trends within these states may impact future Park visitation levels and are summarized below. Exhibit 17 shows that over the last decade, population growth in the Interior Region (as a whole) was above Alaska, California, and U.S. levels, mostly due to increases in the number of residents living within the Fairbanks North State Borough, and Southeast Fairbanks Census Area (CA). Growth at the statewide level was 1.3%.

**Exhibit 17. Regional Population – Historical and Projected (2000-2020)**

Region/State	2000	2010	Average Growth 2000-2010	Projected 2020	Projected Growth 2010-2020
Interior Region	97,417	112,024	1.4%	128,169	1.4%
Alaska	626,931	710,231	1.3%	802,762	1.2%
California	33,871,648	37,253,956	1.0%	40,817,839	0.9%
United States	281,421,906	308,745,538	0.9%	341,387,000	1.0%

Source: U.S. Census Bureau

Exhibit 18 presents a summary overview of median household income and the unemployment rate in the above analyzed regions and states. Although these indicators are not directly linked to demand for Park concession services, they provide useful background information for Offerors.

**Exhibit 18. Median Household Income and Unemployment**

Region/State	Median Household Income (2009)	% Unemployment (Average January-July 2012)
Interior Region	\$62,409	7.7%
Alaska	\$66,712	7.1%
California	\$58,925	10.8%
<b>United States</b>	<b>\$50,221</b>	<b>8.2%</b>

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics

## Gateway Communities

The Denali Borough is the area closest to the Park and provides the majority of support visitor services. The borough encompasses the permanent communities of Anderson, Cantwell, Healy, and McKinley Village, as well as a number of other smaller settlements. A seasonal community, Nenana Canyon, located two miles north of the Park entrance, provides the largest and broadest range of commercial services to visitors. These services include lodging, retail, and food and beverage. These amenities are within a short drive, and even walking distance, of the Park entrance, and this community is the main hub for transportation into the Park. Most businesses in McKinley Village and Nenana Canyon are open seasonally and are closed by mid-September. Healy is an important gateway community, with the largest resident population in the area and many commercial services open year-round.



Exhibit 19 shows the resident populations of the gateway communities surrounding the Park.

<b>Exhibit 19. Resident Population of Gateway Communities</b>	
<b>Gateway Community</b>	<b>2010 Population</b>
Anderson	246
Cantwell	219
Healy	1,021
McKinley Village	185

*Source: U.S. Census Bureau and Alaska Department of Labor and Workforce Development*

### **PREFERRED OFFEROR DETERMINATION**

The Director of the Service has determined that no Preferred Offeror for this Draft Contract exists pursuant to the terms of 36 CFR Part 51. The Alaska National Interest Lands Conservation Act (ANILCA), Section 1307 (16 U.S.C. 3197), includes provisions concerning persons, corporations, and or other legally recognized entities who are to be given special rights and preferences with respect to providing commercial visitor services in conservation system units in Alaska. Please refer to the Proposal Instructions Section 7 and Section 9, and the Proposal Package in Part IV of this Prospectus for more information concerning ANILCA preferences.

### **SITE VISIT**

A site visit of the concession operation along with a tour of Concession Facilities associated with the Draft Contract occurred on September 3-4, 2014. No additional site visit will be held. For additional information, please contact Jim LeBel, Concession Management Specialist at Denali National Park, at (907) 683-6390 or email him at [Jim\\_LeBel@nps.gov](mailto:Jim_LeBel@nps.gov).

